

Plan Ahead To Sell Your Business



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Right now, 20% of business owners are either actively trying to sell their enterprise or are thinking about it. But only one in five of those will get the job done, according to Grover Rutter, owner of Grover Rutter Business Brokerage, Valuation & Consulting in Findlay, Ohio. Sometimes, that's because a business is faltering. "The best time to sell is when profits are at their peak," Rutter says. "In other cases, the business simply isn't ready for sale, even if the owner is all too ready."

Preparation needs to begin years in advance. Among the records a prospective buyer will want to see are several years of financial statements and tax returns. Because those play a major role in determining the business's selling price, they should be as strong as possible.

Before you can sell, you need to determine whose consent you need. Are there partners, lenders, or a board of directors to answer to? Find out whether the company's contracts with vendors, customers, and other parties can be transferred to a new owner.

Settle legal issues and make sure licenses, tax filings, and records are current. Get obsolete inventory and dated receivables off the books, and fully fund the company pension. Give the physical plant attention: repair signs and lighting, consider painting, and fix or scrap old equipment.

Business brokers and intermediaries can give you an idea of what yours might sell for. Don't ask for the moon, Rutter advises. *"If the price isn't realistic, buyers won't even look."* Actual sales typically close for 85% to 90% of the asking price, he notes. Also consider financing the sale. It improves the odds of closing a deal, and offering favorable terms may also mean a higher selling price than if you accept only cash.

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Employee Theft



Employee theft is a sensitive topic for business owners. How are your employees stealing from you and how can you stop them?

Time:

- Clocking in for late or sick friends, padding overtime hours, etc.
- Creating ghost employees and collecting two paychecks.

Solutions:

- Camera systems can authenticate usage of the time clock.
- Card access systems require an employee to enter the building to clock in.
- Review your payroll weekly!

Money:

- Submitting fake or duplicate receipts for parking, tolls, etc.
- Charging your customers extra at the register and keeping the difference.
- Not entering or ringing up sales and pocketing the cash.
- Frivolous worker's compensation claims.

Solutions:

- Review your books. Are the times and dates on receipts concurrent with normal work hours?
- Cameras on your premises and especially your registers. Make sure the customer can see the total price. Be aware of frequent "no sales" and "voids."

Information or Identity Theft:

- Think about how much sensitive information is in your database or filing cabinets. Unsupervised access to these files allow infinite ways of stealing from your customers.

Solutions:

- Keep filing cabinets locked up at all times.
- Follow the clean desk rule—no files should ever be left out during or at the end of the day.
- Computers—protect information with login passwords.
- Buy a shredder for employees to destroy sensitive information.

Employees need to know that one uniform ethical standard applies to everyone in the firm! With a wide-range of products and procedures you too can arm yourself with the tools to battle employee theft.

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